

2005 Instructions for IR-22

City of Columbus
Income Tax Division

Individual Return and Claim for Refund

The City of Columbus administers the municipal income tax for Columbus, Brice, Canal Winchester, Groveport, Harrisburg, Lithopolis, Marble Cliff and Obetz. If you are working or living within these areas, you are liable for the income tax. These instructions are applicable to Columbus and all municipalities listed for which Columbus administers the tax. The enclosed forms are not to be used for filing tax returns for municipalities not listed above.

The Columbus Income Tax Division is located at 50 W. Gay Street, 4th Floor, Columbus, Ohio 43215. The mailing address for submitting tax forms and payments is: Columbus Income Tax Division, PO Box 182158, Columbus, Ohio 43218-2158.

If you have any questions about completing any of our forms and/or need tax forms, please call (614) 645-7370. **All forms and instructions are also available on-line at www.columbus-tax.net.**

General Instructions

TABLE 1 Columbus Administers for:

Columbus	2%	Harrisburg	1%
Brice	1%	Lithopolis	1%
Canal Winchester	2%	Marble Cliff	2%
Groveport	2%	Obetz	2%

Do I Need to File?

You only need to file if any of the following apply:

1. You are a resident of Harrisburg or Lithopolis and are **not** exempt from paying the tax. If you are exempt because you are under the age of 18 or only received pension income or military pay, and you are a resident of Harrisburg or Lithopolis, you should call and request Form EX-1. *All non-exempt residents of Harrisburg and Lithopolis are required to file a tax return.*
2. You earned income in a municipality listed in Table 1 from which city income tax was not fully and/or correctly withheld. (Multiply the largest wage figure shown on your W-2 by the tax rate of the appropriate city as shown in Table 1. If the withholding is correct, your result should equal the withholding shown in Box 19 of your W-2.)

3. You are a resident of one of the municipalities listed in Table 1 and engaged in a business or profession, including rental real estate, whether the business showed a profit or a loss.
4. You are a resident of one of the municipalities listed in Table 1 and your credit for taxes paid to your city of employment does not equal the tax due to your city of residence.
5. You were not a resident of one of the municipalities listed in Table 1, but you engaged in a business or profession in any of the municipalities listed in Table 1, whether the business showed a profit or loss.
6. You received a pre-printed tax form from our office for 2005 but are otherwise not required to file.

Can I Use Form IR-22?

You can use Form IR-22 if you had income taxable to only one or two of the municipalities listed in Table 1.

Can We File a Joint Return?

A husband and wife may file a joint return regardless of the filing method used on their federal return. Joint returns must be signed by both spouses and include both social security numbers.

May an Extension be Requested?

An extension of time to file may be granted provided an extension request has been filed with the Income Tax Division by the original due date of the return. A copy of your Federal extension will be accepted as a city extension request if it is received by the City by the original due date of the return. However, if payment is required to be made with your extension request, City Form IR-42 must be used.

Are there any Special Rules for Refunds?

Refunds and credit carryforwards that are the result of an overpayment of estimated tax or the deduction of employee business expenses, may be requested using Form IR-25. You must attach a copy of your Federal Form 2106 to claim employee business expenses on Form IR-25.

If you are claiming a refund or credit as the result of incorrect withholding, your request should be filed on Form IR-22. If you cannot use Form IR-22 because you have income from more than two (2) cities, you must attach a completed copy of Page 2 of Form IR-22 to your Form IR-25 along with any supporting documentation indicated on Page 2 of Form IR-22.

- Refunds due you must be greater than \$1 or they will not be issued.
- Refunds of tax withheld in excess of the proper tax rate should be requested from your employer.
- There is a three (3) year statute of limitations for claiming a refund or credit of any overpayment of city tax.

What is Taxable Income?

For **RESIDENTS**, taxable income includes all salaries, wages, commissions and other compensation regardless of where it was earned. The income is taxable whether paid in cash, property or other consideration, including the reasonable value of meals, lodging and the like. You may reduce your taxable wage income by your allowable Form 2106 expenses. Taxable income also includes the net profits of all unincorporated businesses such as real estate and equipment rentals, sole proprietorships and your share of partnership income (whether distributed or not).

These unincorporated business profits are taxable regardless of where the business was conducted. You may be entitled to a credit for taxes paid to the city where your income was earned. If you are a partner in a partnership, you may be entitled to a credit for city taxes paid by the partnership.

For **NONRESIDENTS**, taxable income includes all salaries, wages, commissions and other compensation earned in any of the municipalities for which Columbus administers the income tax, after allowable Federal Form 2106 expenses. Taxable income also includes the net profits of all unincorporated businesses such as real estate and equipment rentals, sole proprietorships, and your share of partnership income (whether distributed or not) if the business was conducted in any of the municipalities for which Columbus administers the income tax.

Your city taxable wages are calculated before any deduction for such things like 401(k) deferrals. Treat disability income as wages unless it is received from Worker's Compensation or from insurance paid for by you. For city tax purposes, partnerships include LLCs and joint ventures.

Determine net profits from unincorporated business in accordance with the accounting method used for Federal income tax purposes. Any expenses claimed must be ordinary and necessary. Passive activity losses are deducted the year incurred: PAL carryforwards are not allowed for city tax purposes. In addition, net operating loss carryforwards and carrybacks are not permitted for city tax purposes.

If you are engaged in two or more unincorporated businesses in the same city, the net loss of one unincorporated business may be used to offset the profits of another for purposes of arriving at overall net profits from unincorporated businesses for that city. Only **residents** of the municipalities administered by Columbus may offset unincorporated business profits not reportable to any municipality but their city of residence with unincorporated business losses not reportable to any municipality (if the loss is reportable to a city with a lesser tax rate, a partial offset is allowed).

Shareholders in one or more subchapter S corporations do not report gains or losses from subchapter S interests. Subchapter S corporations are taxed at the corporate level for municipal tax purposes.

City taxable income does not include proceeds of insurance policies if the employee paid all the premiums. City taxable income also does not include compensation for personal injury and property damages. Expenses, costs, and losses incurred in connection with income not subject to city income tax may not be used to reduce your city taxable income.

What Is Taxable “Other Compensation”?

1. Bonuses.
2. Compensation paid in property or the use thereof at fair market value to the same extent as taxable for federal tax purposes and so indicated on the W-2 form.
3. Contributions made by or on behalf of employees to a qualified deferral plan (401K and the like) - taxed at year earned, deferral not permitted. Exception: employer matching contributions offered under a cafeteria plan are not taxable. Deferrals even under a cafeteria plan are always taxable.
4. Contributions made by or on behalf of employees to a tax-deferred annuity or stock purchase plan (includes any plan where employee has the option to defer).
5. Contributions made by or on behalf of employees to a non-qualified deferred compensation plan.
6. Cost of group term life insurance over \$50,000.00 (unless part of a cafeteria plan).
7. Director's fees.
8. Disability pay if received as a benefit from employment (includes third party plan).
9. Adoption assistance payments (unless part of a cafeteria plan).
10. Excess employee discounts.
11. Golden parachute payments.
12. Income from guaranteed annual wage contracts.
13. Income from jury duty.
14. Income from wage continuation plans (includes retirement incentive plans and buy-outs).
15. Income received as a result of a covenant or agreement not to compete.
16. Interest on below market loans.
17. Moving expense reimbursements (follow Federal rules but non-reimbursed expenses are not deductible).
18. Pre-retirement distributions from retirement plans (except previously taxed income from deferred plans).
19. Prizes, awards and gifts - if connected with employment.
20. Profit Sharing.
21. Royalties (unless derived from registered copyrights, patents or trademarks).
22. Severance pay.
23. Sick and/or vacation pay.
24. Stipends - if work required (vow of poverty not recognized).
25. Stock bonus incentive plans.

26. Stock options.
27. Strike benefits paid by employer.
28. Supplemental unemployment pay paid by employer.
29. Taxes paid by employer on employee's behalf.
30. Tips.
31. Union steward fees.

What Are Unincorporated Businesses?

- a) Sole proprietorships – Schedule C, Federal Form 1040
- b) Rental properties - Schedule E, Federal Form 1040
- c) Partnerships, Joint Ventures and other type associations (These businesses file their own returns using Form BR-25; however, you must report your share of their city taxable income on your individual return if you are a partner.)
- d) Farm Net Income - Schedule F, Federal Form 1040

What Income Is Not Taxable?

1. Alimony.
2. Annuities - at time of distribution.
3. Capital gains.
4. Dividends.
5. Gambling winnings (losses not deductible).
6. Government allotments.
7. Housing for clergy.
8. Income earned while under 18 years of age.
9. Income from Foster Grandparent Program.
10. Income of religious, fraternal, charitable, scientific, literary or educational institutions to the extent that such income is derived from tax-exempt real estate, tax-exempt tangible or intangible property or tax-exempt activities.
11. Insurance benefits - unless your employer paid the premiums. (Pro-rating is allowed if you paid a portion of the premiums.)
12. Interest.
13. Meals and lodging required on premises.
14. Military pay including reserve pay.
15. Non-resident subchapter S corporation income to a resident shareholder (effective 1/1/03) is no longer subject to the tax.
16. Patent and copyright income.
17. Pension income - includes lump sum distributions.
18. Prizes - unless connected with employment.
19. Royalties - if derived from intangible property.
20. Salaries of the mentally retarded or developmentally disabled while working in a government funded workshop for less than minimum wage.
21. Social Security benefits.
22. State unemployment benefits.
23. Welfare payments.
24. Worker's Compensation.

NOTE: This list is intended for reference purposes only. It may not be all inclusive and is subject to revision without notice.

Can I Reduce My Taxable Wages with Unincorporated Business Losses?

Only if you are a resident of Brice or Lithopolis. All other municipalities administered by Columbus do not allow the net loss from an unincorporated business to be used to offset wages, salaries, commissions or other compensation.

Line-by-Line Instructions for Completing Page 1 of Form IR-22

Name, Address and Social Security Number (SSN)

Use the Preprinted Form. Using the preprinted form that was mailed to you will speed the processing of your return. It also prevents common errors that can delay refunds and result in unnecessary notices. Cross out any errors and print the correct information. Add any missing items, such as your apartment number. If the address on your preprinted form is not current, cross out your old address and print your new address. Be sure to enter the date of your move in the space provided.

What if I Do Not Have a Preprinted Form? Print or type your name, address, and social security number in the space provided. If you are filing a joint return, print or type your spouse's name and social security number also.

Refund, Amended Return

If you are anticipating a refund for the year in which you are filing, place an "X" in the box marked **REFUND**.

If you are amending a tax year, place an "X" in the box marked **AMENDED** and be sure to indicate the tax year that you are amending in the space provided. If you are amending the City return based upon an amended return that you filed with the I.R.S., you must include a copy of the amended Federal return, including any applicable schedules that pertain to the amendment. If you are filing an amended City return based upon an audit that the I.R.S. conducted, you must include documentation pertaining to the audit and note any changes that were made by the I.R.S. to reduce or increase your taxable income.

Other Information

The information requested here can help avoid notices being sent to you requesting additional information.

1. Indicate your filing status.
2. If you moved, enter the date of your move. Attach a statement to your return indicating your former address. If you are allocating your income as a result of your move, you will need to attach documentation to your return explaining the allocation (such as a copy of a paystub dated close to your move date).

3. If you are requesting that your account be inactivated, indicate the reason (taxes fully withheld by employer, sold business or rental property, etc.) and attach supporting documentation such as Federal Form 1040, W-2P or Statement of Social Security Earnings.
4. Enter city or (cities) of residence for the year. For residency clarification, please call (614) 645-7370.
5. Enter the names of the cities in which you worked. If you worked in more than two (2) cities, attach a list of all the cities to the back of your return.
6. Enter your occupation. If you are self-employed, enter the nature of the business and your trade name.

Part A: Taxable Wages

1. Indicate your employer(s) and the address(es) where you actually reported for work (this may differ from your employer's address printed on your Form W-2). If you run out of space, please attach an additional page.
2. Indicate city taxable wages from each employer. *NOTE: Wages for city tax purposes may differ from the Federal wages reported on your W-2 (see Box 18 of your W-2 forms). City taxable wages include all wages that may be deferred or excluded from Federal and State taxable wages under 401 of the Internal Revenue Code. These deferrals appear in box 12 of your W-2 with codes D, E, F, G and S.*
3. Employee business expenses as shown on Federal Form 2106 may be deducted. If income is allocated between cities, 2106 expenses should likewise be allocated. Copies of all Forms 2106 must be provided. To receive a deduction, Form 2106 must be required to be filed for Federal tax purposes. Federal Schedule A expenses are not deductible.
4. Indicate net wages after deduction of Form 2106 expenses (if applicable). *NOTE: Your Form 2106 expenses may not exceed your earnings from the job to which the expenses relate.*

If you adjusted any of your taxable wages on Page 2 of Form IR-22, enter the adjusted wages next to the appropriate employer. Be sure to attach copies of any applicable forms to the back of the return that pertain to your adjustments (Federal Form 2106, days out listing, birth certificate or driver's license).

Part B: Tax Calculation

Column A - Please enter the name(s) of your city or cities of income. Do not list a city not shown in Table 1, and do not list a city more than once. Residents who earned income in a non-taxing area or a municipality not listed in Table 1 should enter the income on the line corresponding to their resident city. The alternate city line is used by residents of the municipalities listed in Table 1 to report tax due to the resident city on income earned in another city listed in Table 1 with a lesser tax rate. For example, a resident of Columbus (a 2% city) working in Brice (a 1% village) would owe Columbus a 1% alternate city tax.

Code Column - Please enter the code(s) corresponding to the municipality or municipalities entered in Column A. The alternate city code should be left blank.

Column B - Enter all income from wages, salaries, commissions and other compensation on the corresponding city lines. Residents who earned income in a

non-taxing area or a municipality not listed in Table 1 should enter the income on the line corresponding to their resident city.

Column C - Enter all income from net profits, rents and other taxable income on the corresponding city lines. (See NON-WAGE INCOME on Page 2 of the IR-22.)

Column D - Column B plus Column C.

Tax Rate Column - Please enter the applicable tax rate(s) for the city(ies) listed on your return. The Alternate City rate is the difference between the resident city's rate and the rate of the city of income. For example, a resident of Columbus (a 2% city) working in Brice (a 1% village) would show an Alternate City tax rate of 1%.

Column E - Multiply Column D by the tax rate.

Column F - Enter the following, if applicable: 1) city tax shown as withheld on the W-2; 2) city tax paid directly to a city not listed on Form IR-22 - attach a copy of the return filed with that city; 3) city tax paid on your behalf by a partnership - attach a copy of the K-1. DO NOT enter declaration payments in this column: they are entered on Line 2 of Part B. You cannot claim credit for taxes withheld to the city of income that exceed: 1) that city's tax rate times that job's city taxable income after Form 2106 expenses; or 2) your resident city's tax rate times that job's city taxable income. Harrisburg and Lithopolis residents may only take credit for tax withheld or paid to their city of residence.

Column G - Enter net tax due (Column E less Column F).

Line 1 - Enter total net tax due (Total of Column G).

Line 2 - Enter all declaration payments made during the current tax year and any overpayment carried forward from the prior year. Do not enter tax withheld or paid by a partnership on your behalf (See Column F).

Line 3 - Subtract Line 2 from Line 1 to arrive at the net tax due. However, if the result is an overpayment, indicate amount with parentheses and carry to Line 6.

Line 4 - Enter penalty, interest and late filing fees if applicable. All taxes unpaid after April 15th are subject to a 10% penalty. Taxes due Columbus, Brice, Canal Winchester, Harrisburg or Marble Cliff remaining unpaid after April 15th are subject to interest at a rate of .50% per month. The interest rate of 1.5% per month applies to all other administered municipalities. A late filing fee of \$5.00 per day not to exceed \$25.00 is due from Lithopolis residents and nonresidents engaged in business in Lithopolis who fail to file the required tax return by the due date.

Line 5 - Enter total amount due - Line 3 plus Line 4. If tax due is less than \$1.00, no payment is necessary.

Line 6 - Enter overpayment, if applicable, from Line 3 as a positive number (do not use parentheses).

Line 6A - Enter amount of the overpayment from Line 6 you want credited to your next year's tax estimate.

Line 6B - Enter the amount of the overpayment from Line 6 you want refunded. You must sign your return and attach all documentation for your refund to be issued.

Declaration of Estimated Taxes

Taxpayers who anticipate owing city tax to any municipality listed in Table 1 or who are residents of one of the municipalities listed in Table 1 and are engaged in any unincorporated business must complete this section. Non-residents who are

engaged in an unincorporated business operating in any municipality listed in Table 1 must also complete this section. Individuals anticipating no income subject to the tax in the year 2006 must complete this section, showing zero in Column N. To be considered as filed in good faith and not subject to penalty and interest, your timely paid estimated tax must not be less than **90%** of the total tax liability shown on your 2006 tax return. We will also consider your estimated taxes as filed in good faith if your timely payments equal or exceed 100% of the tax shown on your 2005 return. Failure to make timely estimated tax payments will result in penalty and interest assessments. Each municipality is considered a separate entity in the calculation and payment of a good faith estimate.

Column H - Indicate the name of the city (or cities) where income is anticipated.

Code Column - Enter the corresponding city code.

Column I - Enter estimated income from wages, salaries, etc.

Column J - Enter estimated income from net profits, rents and other taxable income.

Column K - Column I plus Column J.

Tax Rate Column - Enter the corresponding tax rate.

Column L - Column K multiplied by the tax rate.

Column M - Enter the tax estimated to be withheld or paid to a city where income will be earned.

Column N - Column L less Column M.

Line 7 - Enter the total of Column N.

Line 8 - Enter credit reported on Line 6A if applicable.

Line 9 - Enter amount from Line 8.

Line 10 - Subtract Line 9 from Line 7.

Line 11 - Enter amount paid with this declaration. A minimum of 25% of Line 7 is due by April 17, 2006.

Line 12 - Enter the estimated tax balance due (Line 10 less Line 11). (Payable in equal installments due July 31, October 31 and January 31, 2007).

Line 13 - Enter the total amount due (Line 5 plus Line 11). If payment is due, attach one (1) check or money order made payable to City Treasurer.

Sign Your Return

Form IR-22 is not considered a complete return unless you sign it and attach all W-2 statements and applicable federal tax documents. If you are filing a joint return, your spouse must also sign.

Paid Preparers Must Sign Your Return. Anyone you pay to prepare your return must sign and date it in the space provided, and provide their Federal employer identification number (EIN) or Social Security number (SSN). A paid preparer may not use a preparer tax identification number (PTIN) in lieu of an EIN or SSN.

Non-Wage Income

This section is to be completed by individuals engaged in business (e.g. sole proprietorships, rental property, partnership, and/or farm). You must attach copies of Federal Schedules C, E, F and K-1 **to your return** if applicable.

Column O - Indicate the city (or cities) where the business activity occurred.

Code Column - Enter the corresponding city code (found on Page 1 of the IR-22).

Column P - Enter income (or loss) from Federal Schedule C and/or F.

Column Q - Enter rental income (or loss) from Federal Schedule E. You **MUST** indicate the complete rental addresses, including zip codes, on your attached Schedule E.

Column R - Enter partnership city taxable income/loss from Schedule K-1 (contact general partner if not shown). If the partnership is not subject to city tax, enter the ordinary income/loss from Schedule E.

Column S - Total the net income/loss per city. **NOTE:** *In general, a loss can only be used to offset profit if the profit and loss occurred in the same city. Carry all positive totals in Column S to Page 1, Column C on the respective city line. If a loss is indicated in Column S, enter zero in Column C. Non-wage losses CANNOT offset W-2 income unless you are a resident of Brice or Lithopolis.*

Instructions for Page 2 of Form IR-22

Adjustments to Taxable Wages

Lines 1-3 (Form 2106 Expenses). You may offset your earnings using Form 2106 expenses subject to a few limitations. First, you must attach a copy of Form 2106, and it must clearly indicate to what job the expenses relate. If you are claiming Form 2106 expenses for several jobs, you need to attach a separate Form 2106 for each job. Second, your Form 2106 expenses may not exceed your earnings from the job to which the expenses relate. Third, you must be required to complete a Form 2106 to claim the expenses on your Federal return. Thus, if you can claim all the expenses reported on your Form 2106 directly on Schedule A of your Federal return without being required to file Form 2106, you may not claim these expenses on your city return. Form 2106 expenses (and the associated wages) related to your work as a non-resident truck driver or non-resident railroad employee are reported on Lines 10 and 11 below. Form 2106 expenses (and the related wages) associated with your work as a non-resident claiming a refund for wages earned outside of our taxing districts are reported on Lines 14-20 below.

Lines 4-6 (Under Age 18). You may reduce your taxable wages by the amount of wages you earned while under the age of 18. To do so, you must enter your date of birth on Line 5, and attach a copy of your driver's license or birth certificate. **Do not send originals**— they will not be returned. A notarized statement from either parent stating your birthday may be substituted for the copy of your driver's license or birth certificate.

Lines 7-9 (Improperly Withheld Taxes). Complete these lines only if your employer withheld tax in error to one of the cities listed in Table 1. For example, non-residents who: 1) are air carrier, motor carrier, or railroad employees; 2) are regularly assigned duties in two or more states; and 3) had tax withheld to a city other than the city where they live. You **MUST** attach W-2's and supporting documentation. We will not process your refund unless Part 2 (Certification by Employer) is completed.

Warning: *If your employer withheld tax in excess of the tax rate, seek your refund from your employer. (For example, your employer should have withheld Columbus tax at 2%, but withheld at 3%.) Employers are not permitted to withhold tax in excess of the statutory rate even at your request.*

Lines 10-13 (Non-Residents who are Truck Drivers, Air Carrier Employees or Railroad Employees). Use these lines only if you are a non-resident employee working in one of these industries and are regularly assigned duties **within Ohio only**. Non-resident employees in these industries regularly assigned duties in **two** or more states should see Lines 7-9. Claim Form 2106 expenses associated with these jobs on Line 11. Be sure to complete Part 2 (Certification by Employer).

Lines 14-24 (Non-Resident Days Worked Out). Lines 14-24 guide you through a formula based on a work year consisting of 260 days (representing five (5) days per week times 52 weeks). Sick, vacation and holiday pay is prorated by the formula, as are Form 2106 expenses associated with this job. Be sure to attach a list of all the dates you worked outside of the administered cities, along with the locations (city and state) at which you worked on those dates. Also, you must complete Part 2 (Certification by Employer).

Rev. 11/30/05